

## Item 10

### **Direct Access and Demand Response OIR** Working Group 1 Meeting - August 26, 2002

#### **Direct Access Suspended**

D.01-09-060: suspended the right of customers to enter into direct access contracts or agreements as of September 20, 2001.

#### **CPUC Considering Cost Responsibility Surcharge**

R.02-01-011: evaluating the legal authority for imposing a Cost Responsibility surcharge, quantifying the costs, and developing a cost recovery mechanism to avoid cost shifting to utility bundled service customers.

#### **Direct Access Load: 14% of Total IOU Load, 36% of Largest Customer Load**

Load Significance: Direct access customers make up varying percentages of all IOU customer classes, and are clearly a significant percentage in the IOU industrial class (greater than 500 kW).

#### **Direct Access Load and Customers as of June 30, 2002**

	Number of Accts.	KWHs	% Direct Access Load*
Residential	52,866	434,237,472	.8%
Commerc. < 20 kW	16,638	273,802,262	3.8%
Commerc. 20 – 500 kW	11,946	7,392,131,793	15%
Industrial > 500 kW	1,135	14,903,070,428	35.9%
Agricultural	374	125,959,167	1.7%
TOTAL	82,689	23,129,201,122	14.4%

\*Direct Access load (KWH) divided by the total IOU load (total recorded load in the last 12 months for all active IOU customer accounts as of the last day of the reporting period).

Source: IOU's monthly DASR report

Infrastructure: Direct access rules require participating customers to have an interval meter. At a minimum, these meters record the customer's demand in 15-minute intervals.

**Should direct access customers be included in the scope of this proceeding?**

Key advantage:

- Direct access customers represent a significant portion of IOU load, and also have interval meters. They are a significant potential source of demand response resources

Key complexities:

- Direct access customers' energy charge is set by contract with the ESP, not by the CPUC
- Complex or unknown interaction between IOU tariffs and direct access customer bills
- Impact of cost responsibility surcharge on customer interest in demand response
- Potential for demand response programs to offer competitive advantages or disadvantages between IOUs and ESPs – may affect future customer switching between IOUs and ESPs (assuming the suspension is lifted)
- Impact on IOU resource procurement needs

Energy Division staff recommends that direct access customers should be included in the scope of the proceeding.